



**PUBLIC UTILITIES COMMISSION**  
CITY AND COUNTY OF SAN FRANCISCO

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SAN FRANCISCO  
WATER DEPARTMENT

SAN FRANCISCO  
CLEAN WATER PROGRAM

June 15, 1998

To Prospective Lessees of SFPUC Agricultural Lands:

The protection and management of the Alameda Creek Watershed is of vital importance to the San Francisco Public Utilities Commission (SFPUC). As custodian of nearly 40,000 acres and approximately 30% of the Southern Alameda Creek Watershed, the SFPUC intends to manage its' watershed property to achieve the primary goal of protection, maintenance and enhancement of the quality of the source water for Calaveras and San Antonio Reservoirs. A number of management strategies are currently employed by the SFPUC to manage the Alameda Watershed. Grazing a portion of the watershed property to reduce the fire hazard and to maintain the general health of land and resources is recognized as an efficient management tool by the SFPUC.

The SFPUC currently has 15 grazing parcels available for lease on a 5 year terms, commencing November 1, 1998 and ending on October 31, 2003. A brief description of the parcels to be leased is as illustrated on **Addendum #1- SFPUC Grazing Units**, as attached to this letter. Also attached for your review and consideration is a copy of the **Alameda Creek Watershed Grazing Resources Management Plan** (WMP) which was adopted by the SFPUC on July 22, 1997. Comprehension of the Guiding Principles and Grazing Management Strategy, as outlined in the WMP, and adherence to all terms and conditions is essential.

The SFPUC requires that interested parties provide significant and substantial documentation that will enable the SFPUC to select tenants that meet the SFPUC' exacting requirements for resource management.

**WATER SUPPLY AND TREATMENT DIVISION**

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### **Tenant Selection Criteria**

- ▶ Interested parties may consist of an individual, corporation, partnership or trust. Legal documentation will be required for proof of business and ownership structure.
- ▶ Interested parties will submit a resume' and summary of operations conducted. Information should include the scope and location of historical and current operations. The information should be in narrative form and may be supported by photographs, maps, and other documentation that provides evidence of management experience.
- ▶ As a minimum, each potential tenant will address areas of resource operation and management experience including, but not limited to:
  - Rangeland Improvements (fencing, corrals, vegetation enhancement
  - Water Resources Development (springs, stock ponds, wells)
  - Range Utilization Methods (pasture rotation, water and salt distribution)
  - Conventional Pest Control (rodent and noxious weed programs, application methods)
  - Integrated Pest Management
  - Fire Hazard Reduction Practices
  - Protection, Enhancement and Management of Riparian Areas
  - Range Monitoring Practices
  - Supplemental Feeding Practices
  - Erosion Control Practices
  - Herd Health Management Practices
- ▶ Interested parties will submit a signed Statement of Financial Condition (Asset : Liability Balance Sheet) for any and all entities or individuals that will be signatory to the lease.
- ▶ Interested parties will submit Letters of Reference from current landlords and recent (last three years) landlords of grazing and other agricultural lease holdings, if applicable.
- ▶ Interested parties will submit Letters of Reference from financial institutions of current or recent business transactions.

The rental rate per AUM to be paid by the tenant for any given lease-year shall be determined through the use of the attached **Addendum #2 - SFPUC Grazing Rental Adjustment Table**, within which the average selling price of beef cattle per hundredweight, as so reported for the month of June of that lease year, shall be matched with the appropriate price range found in Column 1 of said table to determine the corresponding rental rate found opposite this entry in Column 2. The lease payment due shall be computed by multiplying the rental rate by the total number of animal unit months of forage authorized. The first bi-annual rental payment will be due on November 1st of each year. The first installment will be calculated based upon the established AUM rate multiplied by 1\2 the SFPUC rated carrying capacity of the grazing parcel. Due to the weather influenced fluctuations in forage production, the SFPUC rated carrying capacity of these parcels is subject to seasonal adjustment.

The second installment will be due May 1st of the lease year, and will be calculated by multiplying the established AUM rate by the actual AUMs used as determined by the SFPUC. Thus the rent shall be adjusted upward or downward from lease year to lease year, depending upon the grazing capacity of the parcel, as determined by the SFPUC, in its sole and absolute discretion, and upon changes in the average selling price of beef cattle.

For the computation of rental (Value per AUM), the average selling price of beef cattle shall be taken as the average blended selling price of Medium Frame No. 1 Muscling Steers and Heifers, 500-800 lbs. for the entire month of June. The average sales price to be used in determining the rental rate shall be obtained from reliable and authentic market reports as selected by the SFPUC.

The operational and financial information presented by interested parties will be reviewed by a selection committee. The selection committee will then conduct personal interviews with the applicants deemed most qualified. All factors will be considered through the screening process. The applicant offering the most beneficial and appropriate combination of land stewardship practices, water quality protection knowledge and experience, and facilities maintenance \ improvement plans, will be awarded the respective parcel.

The leases as awarded shall be in the form prescribed by the SFPUC (as attached). Certain of these offered parcels have been subjected to deferred maintenance and \ or contain obsolete facilities, structures, and fixtures. Additionally, and as detailed in the WMP, riparian protection fencing and enhanced stock water facilities are to be installed on certain grazing parcels.

At the commencement of the lease term, the lessee and SFPUC will agree to specific riparian fencing, water facilities improvement, and other deficiencies and \ or inadequacies of the parcel that will be addressed through the lease term for lessee work credit consideration.

Your interest in leasing SFPUC land is appreciated. Should you wish to inspect the available parcels, please contact SFPUC - Sunol office at (510) 862-2233.

**COMPLETE APPLICATION INFORMATION MUST BE SUBMITTED BY:  
July 17, 1998**